





Globe Unified School District

Initial Followup of Report 24-202

The January 2024 Globe Unified School District performance audit found that the District's important internal controls were insufficient, and it did not comply with requirements in multiple areas, putting public monies, sensitive data, and student safety at risk. The consulting firm Sjoberg Evashenk Consulting, who conducted the performance audit under contract with the Arizona Auditor General, made **41** recommendations to the District.

District's status in implementing 41 recommendations

Implementation status	Number of recommendations
 Implemented	5 recommendations
 Partially implemented	1 recommendation
 In process	7 recommendations
 Not implemented	28 recommendations

This initial followup report includes our evaluation of the District's progress toward implementing the performance audit's recommendations. It also includes references, where applicable, to the District's most significant *Uniform System of Financial Records for Arizona School Districts* (USFR) deficiencies that we identified in our status review of the District's progress in correcting the deficiencies identified in its financial audit reports and USFR Compliance Questionnaire for the year ended June 30, 2023, and our January 2024 performance audit report.¹ The deficiencies

¹ The Arizona Auditor General and the Arizona Department of Education jointly developed the USFR pursuant to Arizona Revised Statutes (A.R.S.) §15-271. The USFR and related guidance prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements.

identified in our status review resulted in our notifying the Arizona State Board of Education (State Board) on August 5, 2025, of the District's continued noncompliance with the USFR and requesting that the State Board take appropriate action as prescribed in A.R.S. §15-272.² For performance audit recommendations the District has not yet fully implemented, we will conduct a 24-month followup review.

² See Arizona Auditor General. (2025, August 5). *Globe Unified School District—Notice to the State Board of Education—Not in compliance with the Uniform System of Financial Records for Arizona school districts.*

Recommendations to the District

Finding 1: District did not comply with school bus driver random drug and alcohol testing requirements, putting student safety at risk, and District did not accurately report miles and riders for State funding purposes

1. The District should immediately conduct all required random drug and alcohol tests for school bus drivers for the current year in accordance with the State's Minimum Standards.

▶ Status: **Not implemented.**

The District did not test the required number of school bus drivers for alcohol use in accordance with the State's Minimum Standards in calendar year 2024. We will assess the District's efforts to implement this recommendation at the 24-month followup.

2. The District should develop and implement procedures to ensure that it conducts random drug and alcohol tests for the required number of school bus drivers and that it documents and maintains all testing results in accordance with the State's Minimum Standards

▶ Status: **Not implemented.**

Although the District developed some informal procedures for conducting and documenting random drug and alcohol testing for its school bus drivers, its procedures did not ensure that it met testing requirements. Specifically, the District's calculation of the minimum number of random tests required for calendar year 2024 did not align with the State's Minimum Standards. Further, as noted in recommendation 1, the District did not conduct the required number of random alcohol tests in calendar year 2024. District officials reported that they updated the informal procedures for calculating the minimum number of tests in January 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

3. The District should annually review ADE's most recent transportation guidance, maintain all documentation related to miles driven and riders transported, and accurately calculate and report to ADE the number of route miles traveled and riders transported for State funding purposes.

▶ Status: **Not implemented.**

We reviewed this recommendation as part of the status review we conducted between January and March 2025 to assess whether the District had resolved previously identified deficiencies or remained in noncompliance with the USFR. We found that some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

4. The District should recalculate and resubmit accurate fiscal year 2022 miles driven and riders transported to ADE to determine if any corrections are necessary to its transportation reporting.

► Status: **Partially implemented at 6 months.**

The District worked with ADE in January 2024 to resubmit its fiscal year 2022 transportation funding report. Although the District accurately recalculated and resubmitted the number of riders transported, it did not correct all the errors identified during the audit for miles driven. A.R.S. §15-915 prescribes that ADE can only modify data that impacts State aid for the previous 3 years, and therefore ADE may not be able to correct any funding issues that resulted from the District's erroneous reporting.

Finding 2: District lacked important internal controls over purchasing, putting public monies at an increased risk of waste, fraud, and misuse

5. The District should develop and implement written procedures that provide effective internal controls over purchasing and accounts payable processes to ensure compliance with the USFR and Board-approved policies, including processes to monitor and enforce staff compliance with the District's procedures.

► Status: **Implementation in process.**

The District developed written procedures for the purchasing and accounts payable processes, but the written procedures did not include all items necessary to ensure compliance with the USFR. For example, the District's written procedures do not include comparing invoice amounts to contract pricing and terms for expenditures made through written quotes or competitively awarded contracts before paying for items or services. Additionally, the District continues to have deficiencies related to its purchasing and accounts payable processes as detailed in its recent status review.

The District reported that it is in the process of implementing changes to address the deficiencies in the accounts payable process, including adding a monthly review of expenditures to compare invoice amounts to contract pricing. Additionally, the District reported that in July 2025, it provided information about USFR updates to employees responsible for coding expenditures and that it planned to provide additional training on the accounts payable procedures and coding in August 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

6. The District should develop and require training for responsible employees about the District's purchasing and accounts payable processes and related USFR requirements.

► Status: **Implementation in process.**

The District provided training in November 2024 about the District's purchasing and accounts payable processes and related USFR requirements. However, it could not provide documentation showing that all the necessary employees attended the training. Additionally, the District continues to have deficiencies related to its purchasing and accounts payable processes as detailed in its recent status review. District officials indicated they plan to provide another training on the District's purchasing and accounts payable processes in August 2025 and will ensure that all employees with

purchasing and/or accounts payable responsibilities attend. We will assess the District's efforts to implement this recommendation at the 24-month followup.

7. The District should ensure purchases are supported by an approved, accurate purchase order prior to purchases being made and that any revisions to increase a purchase order follow the District's required approval process, including obtaining required approvals for increased purchase order amounts.

► Status: **Implemented at 12 months.**

We judgmentally selected and reviewed 17 fiscal year 2025 year-to-date purchases as of January 2025 and found that the purchases were supported by an approved, accurate purchase order prior to the purchase being made. Additionally, the District followed its process and had the required approvals for the 1 purchase order we reviewed that was revised to increase the purchase amount.

8. The District should retain adequate, accurate supporting documentation to demonstrate purchases were for an allowable District purpose and were paid after the goods or services were received, and that the amount paid did not exceed the approved purchase order amount.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

9. The District should ensure it pays vendors accurately by developing and implementing a process for staff to verify contracted rates before processing payment for goods and services.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

10. The District should ensure employees responsible for classifying expenditures review the USFR's Uniform Chart of Accounts for school districts for changes at least annually and implement its guidance to accurately account for and report the District's spending throughout the year.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 11.** The District should continue reviewing historical transaction privilege tax payments to identify other errors and take action to correct any over- or underpayments identified.
- ▶ Status: **Not implemented.**
- Although District officials reported that the District completed a review of transaction privilege tax payments, the District was unable to provide documentation of the review. Further, the District did not provide documentation showing it recouped the \$109 transaction privilege tax overpayment to the Arizona Department of Revenue in fiscal year 2023 that auditors identified during the audit. We will assess the District's efforts to implement this recommendation at the 24-month followup.
- 12.** The District should develop and implement a process to verify accounts payable and transaction privilege tax payments to ensure amounts paid are accurate and supported.
- ▶ Status: **Implementation in process.**
- District officials reported the District has developed informal processes to review transaction privilege tax payments to ensure the amounts paid are accurate, but additional work is needed. For instance, our review of 20 judgmentally selected fiscal year 2025 purchases found that the District incorrectly paid a transaction privilege tax payment for 1 purchase. In this case, the District issued a transaction privilege tax payment for \$141 for a purchase on which it had already paid sales tax to another state. We will assess the District's efforts to implement this recommendation at the 24-month followup.
- 13.** The District should recoup the \$55.44 in mileage payments the District overpaid and review other mileage reimbursements paid since the beginning of fiscal year 2022 to ensure the District used the appropriate State of Arizona Accounting Manual mileage reimbursement, and recoup any additional overpayments identified.
- ▶ Status: **Implementation in process.**
- The District has taken steps to implement this recommendation, but additional work is needed to ensure that its travel reimbursements were accurate and in accordance with the *State of Arizona Accounting Manual*. In January 2024, the District recouped \$55.44 in mileage overpayments. Additionally, the District reviewed mileage reimbursements paid from March 2022 through October 2024 and identified 1 additional overpayment of \$45.51 and 6 underpayments. The overpayment and underpayments were due to incorrectly calculating mileage reimbursement amounts after the per mile reimbursement rate increased in January 2023. The District corrected all 6 underpayments by paying the affected employees. District officials contacted the now-former employee who received the overpayment to attempt to recoup the \$45.51 but reported they were unable to recoup the overpayment.
- However, the District has not yet reviewed all mileage reimbursements for accuracy since the beginning of fiscal year 2022. District officials indicated they plan to conduct this review by August 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

14. The District should ensure it pays only authorized mileage reimbursements.

► Status: **Implemented at 12 months.**

We judgmentally selected and reviewed 6 of 8 mileage reimbursements the District paid between July 2024 and December 2024 and found that all 6 mileage reimbursements were authorized prior to payment.

15. The District should consult with legal counsel to determine how to correctly account for mileage reimbursed for District employees' travel within District boundaries and formally document the Superintendent's approval.

► Status: **Implemented at 12 months.**

The District consulted with its legal counsel regarding how to correctly account for mileage reimbursed for District employees' travel within District boundaries. In a November 2024 public meeting, the District's Governing Board (Board) approved the District to pay mileage reimbursements at the approved rate within the *State of Arizona Accounting Manual* to staff who travel between District sites during the workday.

Finding 3: District lacked important internal controls over credit cards, resulting in unsupported and unauthorized purchases and increasing the District's risk of errors, misuse, and fraud

16. To enforce existing District policies and procedures and ensure it meets USFR requirements, the District should require District employees responsible for maintaining physical security of credit cards to maintain complete and accurate credit card logs that include enough information to track who used which credit card at what time and for what authorized District purpose.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

17. To enforce existing District policies and procedures and ensure it meets USFR requirements, the District should implement protocols to monitor and enforce compliance with existing District credit card policies, including:

a. Ensuring credit cards and purchase receipts are returned within 24 hours of users returning to the District after making purchases, as required by District policy.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

b. Verifying an approved purchase order has been obtained prior to making purchases.

► Status: **Not implemented.**

See explanation for recommendation 17a.

c. Tracking and regularly reviewing the physical chain of custody for all credit cards to ensure users are complying with requirements for checking out and returning District cards.

► Status: **Not implemented.**

See explanation for recommendation 17a.

d. Ensuring employees have completed the required credit card user agreement prior to granting access to District credit cards.

► Status: **Not implemented.**

See explanation for recommendation 17a.

18. To enforce existing District policies and procedures and ensure it meets USFR requirements, the District should review and reconcile all itemized receipts to card statements to ensure purchases are appropriately supported and for a District purpose, and if it identifies unauthorized purchases, take appropriate and timely action.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

19. To enforce existing District policies and procedures and ensure it meets USFR requirements, the District should provide regular training on USFR requirements and District policies and procedures to staff members responsible for credit cards, as well as authorized credit card users, and ensure that all card users have been trained and signed a user agreement prior to using District credit cards.

► Status: **Implementation in process.**

The District created a process to train all credit card users on District policies and procedures prior to staff members signing a credit card user agreement and allowing the staff member to use the District credit card to make purchases. However, at the time of our review, we found that the District could not demonstrate that only authorized users with signed user agreements made purchases. We judgmentally selected and reviewed 25 of 191 credit card purchases made between August and November 2024 and found that 3 purchases lacked documentation to support who made the purchases. Thus, we were unable to determine if the purchases were made by an authorized credit card user.

Additionally, as described in our Office's August 2025 letter to the State Board and the list of the District's most significant USFR deficiencies from our status review, the District

continues to have deficiencies related to its credit cards policies and procedures. For example, the District allowed an employee with credit card oversight responsibilities to make purchases using District credit cards, which increased the District's risk of unauthorized purchases, errors, and fraud.

District Officials reported that they are revising the District's credit card procedures to align with USFR requirements, and they plan to train all card users and staff responsible for credit cards in August 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 20.** To enforce existing District policies and procedures and ensure it meets USFR requirements, the District should develop and implement a process to maintain and regularly review an accurate list of the number of active cards and authorized users to determine whether cards can be eliminated and the number of authorized users reduced.

► Status: **Implementation in process.**

The District maintains a list of active cards and authorized users, but it has not developed a process to determine whether cards can be eliminated and the number of authorized users reduced. We reviewed the District's November 2024 credit card logs and all credit card user agreements the District maintained in January 2025 and found that nearly a quarter of authorized credit card users and about 40% of authorized fuel card users had not checked out a card for use. District officials reported that they have reduced the number of retail credit cards and fuel cards since our followup review and that it plans to review the number of users again during fiscal year 2026. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 4: District lacked important internal controls over cash-handling, increasing its risk of loss or theft

- 21.** The District should develop and implement procedures to ensure compliance with USFR requirements and District policies related to cash-handling, and train and educate District employees and others with cash-handling responsibilities on these procedures.

► Status: **Not implemented.**

The District has not developed and implemented cash-handling procedures that ensure compliance with USFR requirements and District policies. This determination is based on the most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, which included the District's failure to prepare and maintain evidence for all cash received, timely deposit cash and properly separate cash-handling responsibilities. District officials indicated that the District plans to update its procedures and train its employees in August 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 22.** District should prepare and maintain evidence for all cash received, such as by issuing sequential, prenumbered receipts, and reconcile deposits to cash collection documentation to ensure all cash received was appropriately deposited.
- ▶ Status: **Not implemented.**
- Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.
- 23.** The District should review current cash-handling practices and ensure cash is maintained in such a manner that it is physically secured in an appropriate location before being deposited and that the District maintains a documented chain of custody to reduce the risk that cash can be lost, misused, or stolen.
- ▶ Status: **Not implemented.**
- Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.
- 24.** The District should restrict access to cash and check stock to only authorized employees, including restricting access to locations and safes where cash and check stock are stored.
- ▶ Status: **Implemented at 18 months.**
- The District purchased new safes in March 2025, and District officials reported that the new safes were installed at all District locations that handle cash in March and April 2025 to store cash and check stock. According to District officials, each safe has only 3 authorized employees who can access the safe.
- 25.** The District should update all safe combinations and establish a written policy and schedule for updating safe combinations in the future, including when employees with safe combinations terminate from District employment.
- ▶ Status: **Implemented at 18 months.**
- As stated in recommendation 24, District officials reported that new safes were installed at all District locations that handle cash in March and April 2025. Additionally, in April 2025, the District established a written policy and schedule for updating safe combinations in the future, including when employees with safe combinations leave District employment.
- 26.** The District should train District employees on the importance of maintaining safe combinations in secure locations, and monitor employees to ensure they do not store safe combinations in unsecure locations.
- ▶ Status: **Implementation in process.**
- The District's April 2025 safe policy includes the requirement to maintain safe combinations in secure locations. However, the District could not provide

documentation supporting that all employees authorized to access the safes received training on the safe policy, which the District provided in April 2025. We found that 6 of 16 employees authorized to access District safes did not attend the April 2025 training, and the District could not provide documentation to support that the users who did not attend the April training had since received training on the safe policy. District officials reported that the District plans to retrain all employees authorized to access District safes in August 2025. Further, District officials stated they would conduct periodic checks during the year to ensure that staff are not storing safe combinations in unsecure areas. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 27.** The District should deposit cash at least weekly, and daily when amounts are significant, consistent with USFR requirements.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 28.** The District should separate cash-handling duties from employees with recordkeeping responsibilities, such as for its food service program, and require a separate employee to prepare either deposits or reconciliations, but not both.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 5: District allowed 2 employees to supervise close relatives and did not ensure employees properly completed conflict-of-interest disclosure forms, increasing the risk that District board members and employees had not disclosed substantial interests that might influence or affect their official conduct

- 29.** The District should ensure employees fully complete all sections of the conflict-of-interest form.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 30.** The District should develop and implement a process to review conflict-of-interest forms to identify disclosed interests and take necessary action to remediate them.
- ▶ Status: **Not implemented.**
- Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.
- 31.** The District should develop and implement a process to document any followup conducted and ensure appropriate personnel and the Board is notified when a conflict is identified.
- ▶ Status: **Not implemented.**
- Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.
- 32.** The District should follow District policy by not allowing personnel to supervise close relatives.
- ▶ Status: **Not implemented.**
- Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 6: District's excessive access to its sensitive computerized data and other IT deficiencies increased risk of unauthorized access to sensitive information, errors, fraud, and data loss

- 33.** To comply with USFR requirements and credible industry standards for IT security, the District should evaluate its current password policies to ensure they align with credible industry standards and District system capabilities.
- ▶ Status: **Not implemented.**
- Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.
- 34.** To comply with USFR requirements and credible industry standards for IT security, the District should enforce strong password and multifactor authentication requirements aligned with credible industry standards to decrease the risk of unauthorized persons gaining access to its network and disrupting operations.
- ▶ Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 35.** To comply with USFR requirements and credible industry standards for IT security, the District should review and limit users' access to its accounting system to only the functions necessary to perform their job duties.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 36.** To comply with USFR requirements and credible industry standards for IT security, the District should develop and implement a process to regularly perform, at least annually, detailed reviews of users' accounts and assessing their access level and need for network and critical systems access to ensure that access level is appropriate, and access was promptly disabled when it was no longer needed, including for terminated employees and vendors.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 37.** To comply with USFR requirements and credible industry standards for IT security, the District should establish and implement procedures for collecting and monitoring logs of accounting system activities to be able to track events and to detect potentially malicious or fraudulent activity in a timely manner.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August 2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 38.** To comply with USFR requirements and credible industry standards for IT security, the District should establish and implement a District policy that requires all employees to complete security awareness training upon hire and at least annually, and implement a procedure to track and enforce compliance with the policy.

► Status: **Not implemented.**

Some or all of this recommendation's requirements were among the District's most significant and unresolved USFR deficiencies we reported to the State Board in August

2025, and thus it remains unimplemented. We will assess the District's efforts to implement this recommendation at the 24-month followup.